# GOVERNMENT OF INDIA
# PLANNING
# LOK SABHA

UNSTARRED QUESTION NO:422
ANSWERED ON:20.11.2002
FDI REPORT BY PLANNING COMMISSION
NARESH KUMAR PUGLIA

**Will the Minister of PLANNING be pleased to state:**

(a) whether the Planning Commission has recently submitted a detailed report on FDI;

(b) if so, the details thereof;

(c) whether several eminent economists have criticized the Planning Commission`s report on FDI;

(d) if so, the facts and details thereof;

(e) whether the Government propose to re-examine the report before implementation; and

(f) if so, the details thereof?

## Answer

THE MINISTER OF STATE IN THE MINISTRY OF SMALL SCALE INDUSTRIES, MINISTER OF STATE IN THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES & PENSIONS, MINISTER OF STATE IN THE MINISTRY OF PLANNING AND MINISTER OF STATE IN THE DEPARTMENT OF ATOMOC ENERGY AND SPACE (SHRIMATI VASUNHARA RAJE)

(a): Yes Sir.

(b): The Steering Committee on FDI has proposed some measures to attract more FDI into the country which include the following:

? Consider the enactment of a Foreign Investment Promotion Law that incorporates and integrates aspects relevant to promotion of FDI.

? Urge States to enact a special investment law relating to Infrastructure to expedite all investment in infrastructure sectors and remove hurdles to production in this critical sector.

? Empower the Foreign Investment Promotion Board (FIPB) to give initial Central level registrations and approvals where possible, with a view to speeding up the process of project implementation.

? Change Government of India`s Rules of Business to empower Foreign Investment Implementation Authority (FIIA) to expedite the processing of administrative and policy approvals.

? The aggregate FDI target for the Tenth Plan should be disaggregated in terms of sectors and relevant administrative ministries/ departments, to increase accountability. This could help ensure that the policy pre-requisites for increasing domestic private investment and FDI are expedited by the concerned departments.

? Sectoral FDI caps should be reduced to the minimum and entry barriers eliminated. With the exception of `Defence Industry`, FDI caps can be removed in all manufacturing and mining. Caps can also be eliminated in Advertising, Private Banks and Real Estate and raised in Telecom, Civil Aviation, DTH/KU broadcasting, Insurance and Plantations (other than tea).

? The existing strategy for attracting FDI should be overhauled. The relative emphasis must shift from a broad (scatter shot) approach to one of targeting specific companies in specific sectors. The Foreign Investment Promotion Council (FIPC) should be reformed to implement this strategy. It should be chaired by a person with global credibility and involve Minister level functionaries who can interact with the heads of the Fortune 500 companies.

? The informational aspects of the strategy should be refined in the light of the perceived advantages and dis-advantages of India as an investment destination and should use information technology and modern marketing techniques.

? The Special Economic Zones (SEZ) should be developed as themost competitive destination for export related FDI in theworld, by simplifying applicable laws, rules and administrative procedures and reducing red tape to the levels found in China. The focus should be on accelerated/immediate implementation of reforms that may take a much longer time [e.g. decade(s)] in the country as a whole and not on tax sops.

? Domestic Policy Reforms in the Power Sector, UrbanInfrastructure and Real Estate should be expedited to promoteprivate domestic and foreign investment.

(c): Planning Commission is not aware of any such criticisms on the report.

(d): Does not arise.

(e) and (f): The Report has been submitted only recently. The question of re- examination and the details thereof does not arise.